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HOUSE BILL 2587

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State of Washington

54th Legislature

1996 Regular Session

By Representatives McMorris and Romero; by request of Employment Security Department

Read first time 01/15/96. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to the selection of successor employer contribution  
2 rates; amending RCW 50.29.062; and creating new sections.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 50.29.062 and 1995 c 56 s 1 are each amended to read  
5 as follows:

6 Predecessor and successor employer contribution rates shall be  
7 computed in the following manner:

8 (1) If the successor is an employer, as defined in RCW 50.04.080,  
9 at the time of the transfer, its contribution rate shall remain  
10 unchanged for the remainder of the rate year in which the transfer  
11 occurs. From and after January 1 following the transfer, the  
12 successor's contribution rate for each rate year shall be based on its  
13 experience with payrolls and benefits including the experience of the  
14 acquired business or portion of a business from the date of transfer,  
15 as of the regular computation date for that rate year.

16 (2) If the successor is not an employer at the time of the  
17 transfer, it shall pay contributions at the lowest rate determined  
18 under either of the following:

1 (a) The contribution rate of the rate class assigned to the  
2 predecessor employer at the time of the transfer for the remainder of  
3 that rate year and continuing until the successor qualifies for a  
4 different rate in its own right(~~((. Any experience relating to the~~  
5 ~~assignment of that rate class attributable to the predecessor is~~  
6 ~~transferred to the successor))); or~~

7 (b) The contribution rate equal to the average industry rate as  
8 determined by the commissioner, but not less than one percent, and  
9 continuing until the successor qualifies for a different rate in its  
10 own right. Assignment of employers by the commissioner to industrial  
11 classification, for purposes of this subsection, must be in accordance  
12 with established classification practices found in the "Standard  
13 Industrial Classification Manual" issued by the federal office of  
14 management and budget to the third digit provided in the standard  
15 industrial classification code.

16 (3) If the successor is not an employer at the time of the transfer  
17 and simultaneously acquires the business or a portion of the business  
18 of two or more employers in different rate classes, its rate from the  
19 date the transfer occurred until the end of that rate year and until it  
20 qualifies in its own right for a new rate, shall be the highest rate  
21 class applicable at the time of the acquisition to any predecessor  
22 employer who is a party to the acquisition.

23 (4) The contribution rate on any payroll retained by a predecessor  
24 employer shall remain unchanged for the remainder of the rate year in  
25 which the transfer occurs.

26 (5) In all cases, from and after January 1 following the transfer,  
27 the predecessor's contribution rate for each rate year shall be based  
28 on its experience with payrolls and benefits as of the regular  
29 computation date for that rate year including the experience of the  
30 acquired business or portion of business up to the date of transfer:  
31 PROVIDED, That if all of the predecessor's business is transferred to  
32 a successor or successors, the predecessor shall not be a qualified  
33 employer until it satisfies the requirements of a "qualified employer"  
34 as set forth in RCW 50.29.010.

35 NEW SECTION. **Sec. 2.** This act applies to unemployment  
36 contribution rates effective on and after January 1, 1996.

1        NEW SECTION.    **Sec. 3.**    If any part of this act is found to be in  
2 conflict with federal requirements that are a prescribed condition to  
3 the allocation of federal funds to the state or the eligibility of  
4 employers in this state for federal unemployment tax credits, the  
5 conflicting part of this act is hereby declared to be inoperative  
6 solely to the extent of the conflict, and such finding or determination  
7 shall not affect the operation of the remainder of this act. The rules  
8 under this act shall meet federal requirements that are a necessary  
9 condition to the receipt of federal funds by the state or the granting  
10 of federal unemployment tax credits to employers in this state.

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